Federal Budget Update: Continuing Irresolution

Federal Funds Information for States
www.ffis.org

NASBO Fall Meeting
October 3, 2019
Overview

About federal grants

Federal budget update

Reality check
Throwback Thursday

Medicaid vs. Non-Medicaid Grant Spending
($ in billions)

Source: FFIS grants database
Why we talk so much about Medicaid

The 10 Largest Federal Grants, FY 2018

Source: OMB, FY 2020 Budget
How states stack up

Per Capita Federal Spending on FFIS-Tracked Grants, FY 2018

* Expanded Medicaid by FY 2018
How the money flows

- Federal funding per capita
  - Income and poverty
  - Demographics
  - Medicaid
  - Geography
  - Small-state minimums
Federal budget update

Federal Outlays in FY 2018
($ in billions)

- Defense: $623
- Other Mandatory: $569
- Domestic Discretionary: $639
- Social Security: $982
- Medicaid: $389
- Medicare: $582
- Net Interest: $325

Other mandatory includes:
- Federal retirement
- UI
- Nutrition
- TANF
- SSI
- EITC

Source: FY 2020 budget, Table S-3
The challenge of the BCA

Current-Law and Proposed Discretionary Spending

FY 2019 Final
- Defense Base: $647
- Defense Adjustments: $69
- Non-Defense Base: $597
- Non-Defense Adjustments: $23

FY 2020 BCA
- Defense Base: $576
- Defense Adjustments: $70
- Non-Defense Base: $543
- Non-Defense Adjustments: $24

FY 2020 President
- Defense Base: $576
- Defense Adjustments: $174
- Non-Defense Base: $543
- Non-Defense Adjustments: $24

FY 2020 House
- Defense Base: $664
- Defense Adjustments: $69
- Non-Defense Base: $631
- Non-Defense Adjustments: $32

Source: FY 2020 Budget, Table S-7; H.R. 2021
BBA 2019 to the rescue

- Raises discretionary caps in FY 2020 and FY 2021
- Extends mandatory sequestration to FY 2029
- Suspends debt limit until July 2021
- Allows cap adjustment for 2020 Census
- Differs from House-passed spending
Mandatory sequestration

- Now through FY 2029
- ATB cuts (-6.2% FY 2019, -5.9% FY 2020)
- Most programs exempt (or receive sequestered funds in following year)
- Covered programs include:

  - Social Services Block Grant
  - Promoting Safe and Stable Families
  - Prevention and Public Health Fund
  - Vocational Rehabilitation
  - Portion of highway funding
  - Housing Trust Fund
  - Abandoned Mines
BBA 2019 by the numbers

Discretionary Spending in BBA 2019
($ in billions)

FY 2019 Final
- Non-Defense Cap: $597
- Non-Defense OCO*: $8
- Defense Cap: $647
- Defense OCO*: $69
- Total: $1,321

FY 2020 BBA
- Non-Defense Cap: $622
- Non-Defense OCO*: $8
- Defense Cap: $667
- Defense OCO*: $72
- Total: $1,368

FY 2021 BBA
- Non-Defense Cap: $627
- Non-Defense OCO*: $8
- Defense Cap: $672
- Defense OCO*: $69
- Total: $1,375

* OCO: Overseas Contingency Operations
Progress, but not enough

<table>
<thead>
<tr>
<th>Appropriations Subcommittee</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>House</td>
</tr>
<tr>
<td>Defense</td>
<td>P</td>
</tr>
<tr>
<td>Energy and Water</td>
<td>P</td>
</tr>
<tr>
<td>Labor/HHS/Education</td>
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<tr>
<td>State/Foreign Operations</td>
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<tr>
<td>Agriculture</td>
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<tr>
<td>Commerce/Justice/Science</td>
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<tr>
<td>Interior and Environment</td>
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<tr>
<td>Military Construction/Veterans</td>
<td>P</td>
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<tr>
<td>Transportation/HUD</td>
<td>P</td>
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<tr>
<td>Legislative Branch</td>
<td>C</td>
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<tr>
<td>Financial Services/General Gov.</td>
<td>P</td>
</tr>
<tr>
<td>Homeland Security</td>
<td>C</td>
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</tbody>
</table>

P=Full chamber; C=Committee; S=Subcommittee
House exceeds BBA levels

FY 2020 Summary for Major Discretionary Grants
($ in billions)

Source: FFIS's Jim Martin Table
CR until November 21

- Extends flood insurance
- Extends HHS programs (detail follows)
- Delays DSH cuts
- Extends 100% FMAP for Puerto Rico, Virgin Islands, Northern Mariana Islands, American Samoa
- Prevents transit account rescission
- Whispers of another CR until 12/12
Issues on our radar

**Funding Expirations**
- Several HHS (11/21/19)
- NFIP (11/21/19)
- Secure Rural Schools (9/30/18)

**Health**
- DSH cuts (11/21/19)
- ACA health insurer tax (CY 20)
- CHIP dip

**Other**
- Election funds
- Infrastructure/Rescission
- Disasters
- Census
- SNAP rule/regs in general

**Fiscal Relief**
- FYs 2003-04: Medicaid and flexible assistance
- Great Recession: ARRA
## HHS 2019 funding expirations

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2019 ($ in millions)</th>
</tr>
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<tbody>
<tr>
<td><strong>Temporary Assistance for Needy Families (TANF)/Related Programs</strong></td>
<td></td>
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<tr>
<td>TANF block grant</td>
<td>16,512</td>
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<tr>
<td>Mandatory/matching portion of CCDF</td>
<td>2,917</td>
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<tr>
<td>TANF contingency funds</td>
<td>608</td>
</tr>
<tr>
<td>Healthy Marriage and Responsible Fatherhood</td>
<td>148</td>
</tr>
<tr>
<td>TANF matching grants to territories</td>
<td>15</td>
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<tr>
<td>Grants to tribal work programs</td>
<td>8</td>
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<tr>
<td><strong>Health Programs</strong></td>
<td></td>
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<tr>
<td>Community Health Centers (mandatory funding)</td>
<td>4,000</td>
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<tr>
<td>National Health Service Corps</td>
<td>310</td>
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<tr>
<td>Money Follows the Person Demonstration</td>
<td>255</td>
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<tr>
<td>Teaching Health Center Graduate Medical Education</td>
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<tr>
<td>Health Profession Opportunity Grants</td>
<td>85</td>
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<td>Personal Responsibility Education Program</td>
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<tr>
<td>Sexual Risk Avoidance Education</td>
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<tr>
<td>Medicare Enrollment Assistance Program</td>
<td>38</td>
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<tr>
<td>Pregnancy Assistance Fund</td>
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The CHIP dip looms large

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Additional CHIP FMAP</th>
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<tbody>
<tr>
<td>FY 2016 - FY 2019</td>
<td>23</td>
</tr>
<tr>
<td>FY 2020</td>
<td>11.5</td>
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<tr>
<td>FY 2021+</td>
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</table>
More on the CHIP dip

Illustrative Impact of Reduction in CHIP FMAP
($ in billions)

FY 2019 Current Law
- Federal: $17.4
- State: $1.4

Maintain Federal
- Federal: $17.4
- State: $7.6

Maintain Total
- Federal: $13.2
- State: $5.7

Legend:
- Federal
- State
<table>
<thead>
<tr>
<th>Increases</th>
<th>Decreases</th>
<th>No Change</th>
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</thead>
<tbody>
<tr>
<td>North Dakota</td>
<td>Missouri</td>
<td>Alaska</td>
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<tr>
<td>Oklahoma</td>
<td>Utah</td>
<td>California</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Nevada</td>
<td>Colorado</td>
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<tr>
<td>Rhode Island</td>
<td>Hawaii</td>
<td>Connecticut</td>
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<tr>
<td>Texas</td>
<td>Oregon</td>
<td>District of Columbia</td>
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<td>Tennessee</td>
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<td>Mississippi</td>
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<td>New Hampshire</td>
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<tr>
<td>New Mexico</td>
<td>South Carolina</td>
<td>New Jersey</td>
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<tr>
<td>Vermont</td>
<td>Pennsylvania</td>
<td>New York</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Indiana</td>
<td>Virginia</td>
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</tbody>
</table>

Increases: North Dakota, Oklahoma, Nebraska, Rhode Island, Texas, Tennessee, Illinois, Montana, Mississippi, New Mexico, Vermont, South Dakota
Decreases: Missouri, Utah, Nevada, Hawaii, Oregon, Georgia, Arkansas, Delaware, Maine, South Carolina
Comparing federal fiscal relief

Federal Fiscal Relief
($ in billions)

ARRA (~148 grants total)
- Medicaid $100
- Other $151

Dot Com (2 grants total)
- Medicaid $10
- Other $10
What’s in play

FY 2020 Appropriations
- BBA 2019 sets topline numbers
- Debt limit suspended until after 2020 elections
- The devil is always in the details

And?
- Will legislative activity come to a standstill?
- Little action/agreement between chambers, branches
- Everything linked to politics

Risks to States
- Budget deficit re-emerges as a political hot potato
- Federal shutdowns less unusual
- Limited federal fiscal capacity in a recession
Reality check

Federal Budget Deficits and Projections
($ in billions)

Source: CBO, August 2019
Questions?

Check for updates: www.ffis.org

mhoward@ffis.org
202-624-5848